STATEMENT OF

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ASSOCIATION OF AMERICAN RAILROADS

BEFORE THE

U.S. HOUSE OF REPRESENTATIVES

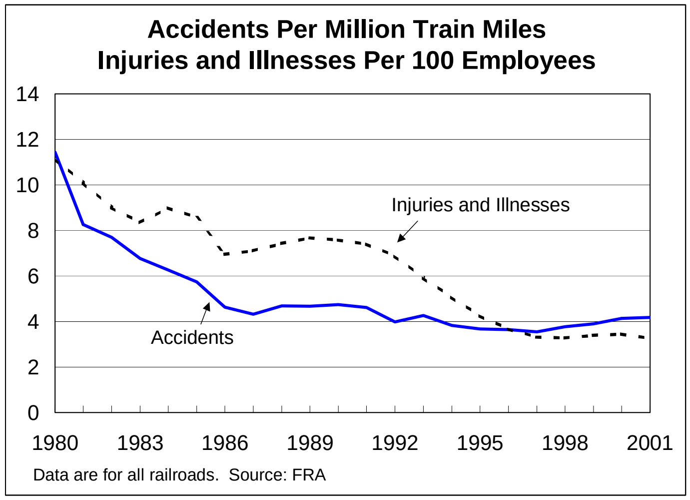
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

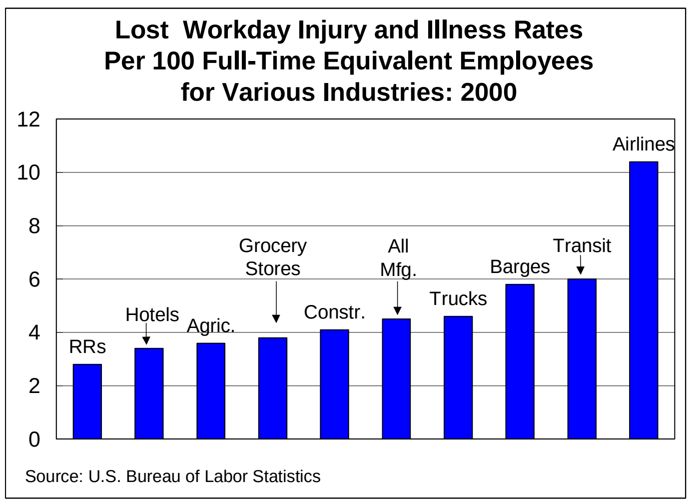
SUBCOMMITTEE ON RAILROADS

HEARING ON RAILROAD SAFETY

JUNE 6, 2002

On behalf of the members of the Association of American Railroads, I am grateful for the opportunity to discuss the critical issue of freight railroad safety. Nothing is more important to our nation's freight railroads than the safety of their employees, customers, and the communities they serve, as will be demonstrated by the scope and intensity of the industry's safety efforts that I will describe today.





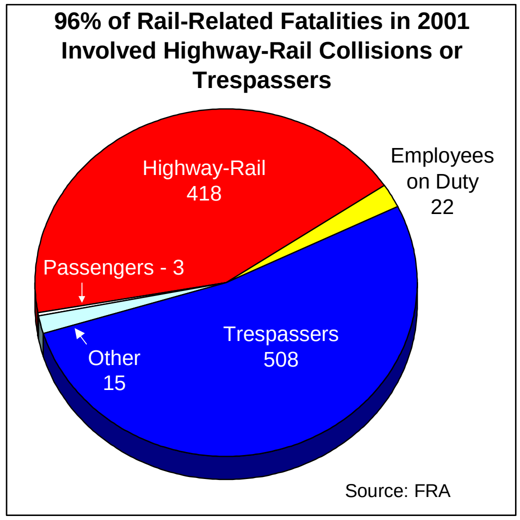
Railroads have achieved tremendous improvement in safety since the Staggers Rail Act of 1980 partially deregulated the industry. According to Federal Railroad Administration (FRA) statistics, the rail industry has reduced its overall train accident rate 64 percent from 1980 to 2001 and 12 percent since 1990. The rate of Class I collisions (a subset of the train accident rate) was reduced 82 percent since 1980 and 41 percent since 1990. The rate of employee casualties has been reduced 71 percent since 1980 and 57 percent since 1990, and in 2001 was the lowest rate on record.

According to the Bureau of Labor Statistics, railroads have lower employee injury rates than other modes of transportation and, indeed, most other major industry groups, including agriculture, construction, and manufacturing. U.S. railroads also have employee injury rates well below those of most major European railroads. Railroads are also far safer than trucks. Rail freight transportation incurs an estimated one-fourth of the fatalities that intercity motor carriers do per billion ton-miles of freight moved.

These improvements have come about precisely because railroads recognize their responsibilities regarding safety and have devoted enormous resources to its advancement. Through comprehensive employee training; massive investments in infrastructure and technology (totaling $145 billion just in the ten years from 1992 to 2001); cooperative efforts involving rail management, rail suppliers, rail labor, and the FRA; collaboration with customers and communities; cutting-edge research and development; and steadfast commitment to applicable laws and regulations, railroads are actively and consistently at the forefront of advancing safety.

Railroads recognize, though, that more work remains to be done, and believe that government, management, and labor must work together to further improve rail safety. Several recent high profile accidents have brought renewed attention to the topic of rail safety, and over the past few years the train accident and employee casualty rates — while remaining at historically low levels — have leveled off. Below I will discuss several ways that railroads are working to improve safety and suggest steps we believe the government should (and should not) take to advance the cause of rail safety.

To start, though, it is important to recognize that the most critical safety problems faced by railroads are collisions at highway-rail grade crossings and incidents involving trespassers on railroad rights-of-way. In 2001, these two categories accounted for 96 percent of rail-related fatalities. Unfortunately, these incidents generally arise from factors that are largely outside of railroad control.



Due largely to railroads' and others' efforts to close crossings and to educate the public about the dangers of grade crossings, in conjunction with the Section 130 federal grade crossing program, the number of collisions, injuries, and fatalities at highway-rail grade crossings has fallen steadily over the years. From 1980 to 2001, the number of grade crossing collisions was reduced 70 percent, injuries declined by 70 percent, and fatalities were down 50 percent. Despite these impressive declines, far too many grade crossing accidents occur each year.

The vast majority of grade crossing fatalities are preventable because they are caused by a driver's proceeding through a crossing in error. Consequently, grade crossing accident prevention efforts have centered on improved warnings and educating the public about the life-or-death consequences of their actions at grade crossings.

The high cost of current active warning devices — approximately $150,000, on average, per installation — has limited the number of crossings at which they have been installed. Research into improved low-cost grade crossing warning systems is underway, but increased federal funding for highway-rail crossing hazard abatement would permit additional crossings to be protected immediately.

Railroads spend well over $200 million each year maintaining grade crossings, plus millions more on educational programs. They cooperate closely with state agencies to install and upgrade grade crossing warning devices and signals, and they (along with rail suppliers and the U.S. DOT) support Operation Lifesaver, a nationwide organization that educates the public about the dangers of grade crossings. Operation Lifesaver also has an educational program addressing the hazards of trespassing on railroad rights-of-way. In addition to increased dedicated public funding for grade crossing warning device installation and maintenance, railroads support the implementation of a comprehensive agenda of engineering, education, and enforcement actions so that further significant improvement in crossing safety can be achieved.

Beyond their efforts to reduce accidents at grade crossings and limit trespasser incursions onto their rights-of-way, railroads are engaged in an extensive range of activities designed to improve rail safety, many of which are outlined below.

1. Railroads are engaged in aggressive efforts to understand and respond to the issue of worker fatigue.

Work/rest issues have long been a major priority for railroads and their employees. In 1992, the AAR joined with the Brotherhood of Locomotive Engineers (BLE) and the United Transportation Union (UTU) to create the "Work/Rest Review Task Force" to examine the application of the Hours of Service Act, review work procedures, and identify ways to reduce rail employee fatigue and improve employee quality of life. The Task Force conducted studies of crew work schedules employing a database of over five million crew starts, and shared information on various efforts to address fatigue. It also provided a forum for rail labor and management to share information and ideas for new approaches to work/rest issues.

In 1998, the Task Force published a report entitled “Current Status of Fatigue Countermeasures in the Railroad Industry” that described the many initiatives addressing fatigue undertaken by rail labor and rail management. The report was updated in 2000 and is currently being updated again.

In 1999, Class I railroads, the BLE, and the UTU reached an agreement covering workplace fatigue. The accord provides for labor and management on each railroad to establish joint work/rest committees that would address the establishment of predictable rest days, the timing of duty calls, and the transportation of crews to their terminals after they have completed their maximum service under the Hours of Service Act.

The FRA, too, has been addressing work/rest issues. In 1997, the FRA, with rail labor and management, formed the "North American Rail Alertness Partnership" (NARAP), which focuses on fatigue education, including a study of the effectiveness of training.

In addition to industry-wide efforts, many individual railroads are working to identify and combat worker fatigue with work/rest committees and with scientifically-based programs such as CANALERT, a collaborative effort of the major Canadian railroads and their employees.

Thanks largely to extensive cooperation between labor and management, North American railroads have been aggressive in the practical application of fatigue countermeasures in the workplace. Initiatives undertaken by some railroads include changes in work schedules (*e.g.,* assigned work and rest days), developing scheduling alternatives in cooperation with labor, permitting napping by train crew members under limited circumstances such as where the train is expected to remain motionless for a minimum period of time, sleep disorder screening, improvements to crew rest facilities, returning crews home rather than lodging them away from home, running more scheduled trains and groups of trains, providing predictable calling windows, and fatigue education programs for employees and their families. The importance of education in this area cannot be overstated, since the value of these initiatives is highly dependent upon employee actions while off duty.

While evaluations of specific railroad programs have found safety benefits, railroads and employees are continuing their efforts to gain an ever-greater understanding of fatigue-related issues and are seeking innovative solutions. Key to the success of these programs is the flexibility to tailor fatigue management efforts to address local circumstances. Significant variations associated with local operations (*e.g.*, types of trains, traffic balance, and geography), local labor agreements, and other factors require customized measures. Together, rail management and rail labor are aggressively pursuing a broad range of worker-fatigue countermeasures, and these efforts should be allowed to continue.

2. Railroads are actively pursuing reliable, cost-effective automatic train control systems.

For many years, major freight railroads and others have been researching the development and implementation of Positive Train Control (PTC) systems, mainly as a way to reduce the occurrence of train collisions. (Mainline collisions constitute about 2 percent of total rail accidents, and the Class I mainline collision rate has been reduced by 82 percent since 1980 and 41 percent since 1990. However, such accidents tend to be especially dangerous and destructive, and railroad actions to reduce them further continue unabated.) PTC systems, which would use digital communications technology and advanced processors to control train movements, would be self-enforcing — *i.e.*, they would apply brakes automatically to stop a train if the engineer failed to obey speed limits or continued onto sections of track without proper authorization. More advanced versions of PTC might also provide warning of damaged track or bridges, track obstructions, and/or other on-track equipment.

In addition to reducing train collisions, a successful PTC system would reduce the number of derailments caused by excessive speed, reduce the number of train incursions in track maintenance zones, and facilitate high-speed rail projects by making rail lines safer for concurrent use by both passenger and freight trains. To date, railroads have spent more than $225 million to develop and test positive train control technology.

The basic problem confronting PTC systems is that, with available technology, they are extremely expensive and still of questionable reliability. The most recent estimated costs — from a 1999 benefit/cost analysis using standard U.S. DOT methodology and performed by the FRA-sponsored Rail Safety Advisory Committee (RSAC) — range up to $7.8 billion for system-wide implementation of the most advanced current systems. The RSAC study found that the total costs of even a limited PTC system would be more than double the expected benefits, while the benefits of the most advanced PTC system would be less than 10 percent of total costs. The FRA forwarded the RSAC's findings to Congress.

In view of these findings, railroads and their suppliers are continuing efforts aimed at developing cost-effective, functional train control systems. For example, the FRA, the Illinois Department of Transportation, and the AAR are jointly funding, developing, testing, and implementing a PTC system for a portion of a Union Pacific rail line from Chicago to St. Louis. The nearly $70 million project will begin testing this fall, with full implementation planned for the summer of 2003. Meanwhile, CSXT is testing a

PTC system called Communications Based Train Management (CBTM) in South Carolina and Georgia. Another PTC system — the Incremental Train Control System (ITCS), developed by the FRA, the Michigan DOT, and Amtrak — is being used on a line in Michigan.

These field tests, under actual operating conditions, are critical to determining the effectiveness of the experimental PTC systems. As with any experimental system, there is a concern that if PTC is implemented before the system design and software are perfected, the safety environment could actually be worsened.

The key objectives of the rail industry's PTC efforts are to create a system that is safer than the present, is interoperable among railroads, and is cost-effective. To that end, railroads are working to develop industry standards to provide for potential implementation at different levels of capability. Each railroad will be able to choose the specific means by which it would attain the industry standard, but interoperability will be assured. This approach will provide train control standards that allow each railroad to determine its needs and implementation strategy and to coordinate PTC with investments in communications systems and processor technology.

Freight railroads oppose statutory train control mandates. The diversion of huge amounts of limited railroad capital to unproven and uneconomic technology would not improve safety. Instead, it would limit what railroads could spend on more effective safety enhancements, would raise industry costs, and would ultimately restrict railroads' ability to invest in the equipment and infrastructure they require to meet their customers' needs. The cause of safety is not advanced if premature PTC mandates ultimately lead to a diversion of rail traffic to highways that, as noted above, are less safe than rail.

3. Railroads are actively pursuing other technological advances in track and equipment safety.

Railroads have achieved dramatic advancements in safety through the introduction of new technology, much of which was developed and/or refined at the Transportation Technology Center in Pueblo, Colorado. The center, which is operated by a wholly-owned subsidiary of the AAR — the Transportation Technology Center, Inc. (TTCI) — is generally considered the finest rail research facility in the world. The following are just a few examples of the wide variety of significant technological advances, some completed and some still under development, that are having or will have a direct positive impact on rail safety:

- *Wayside detectors* identify defects on passing rail cars before structural failure occurs. The types of defects that wayside detectors can identify include overheated bearings and wheels, deteriorating bearings, cracked wheels, and excessively high and wide loads.

- *Trackside acoustic detector systems*, currently in the developmental stage, identify internal bearing defects through "acoustic signatures." Existing bearing detectors identify bearings in the process of failing by measuring the heat they generate. Acoustic detectors would be able to identify bearings with defects before they fail, thereby preventing accidents.

- *Wheel profile monitors,* which are also under development, use lasers and optics to capture images of wheels. The images show if wheel tread or flanges are worn and, consequently, whether the wheels need to be removed from service.

- *Rail defect cars* are used to detect internal rail flaws. The AAR and the FRA have jointly funded a Rail Defect Test Facility that railroads and suppliers can use to test improved methods for detecting rail flaws. TTCI is also investigating new rail defect detection technologies. A new ultrasonic system under development by TTCI and researchers from the Johns Hopkins University is scheduled for testing and evaluation later this year.

- *Track geometry cars*, which combine sophisticated electronic and optical instruments, are used routinely to inspect track conditions, including alignment, gauge, and curvature. TTCI is developing an on-board computer system that provides an even more sophisticated analysis of track geometry, predicting the response of freight cars to track geometry deviations. This information will better enable railroads to determine what track maintenance is necessary.

- *Improved metallurgy and premium fastening systems* improve the stability of track geometry, reducing the risk of track failure leading to derailments.

- TTCI is also developing *Integrated Railway Remote Information Service* (InteRRIS), an Internet-based data collection system with wide potential applicability. For example, an early project using InteRRIS collects data from wheel impact detector systems and truck performance detectors along railroad rights-of-way, and processes the information to produce vehicle condition and exception reports. Wheels with certain surface defects generate greater forces, and the wheel impact detectors identify wheel defects by measuring the force generated by wheels on track. Truck performance detectors identify suspension systems that are not performing properly on curves. Suspension defects can lead to greater wear on wheels and rails, and even to derailments.

- *Electronically-controlled pneumatic brakes* use an electronic signal along an on-train communications network to initiate brake applications and releases, thereby permitting the simultaneous application of all brakes on a train and reducing braking distances by as much as 40 percent.

- TTCI supports three *affiliated laboratory programs* at the Massachusetts Institute of Technology, Texas A&M University, and the University of Illinois. TTCI also actively participates in the activities of the National Academy of Science's Transportation Research Board (TRB) and the national laboratories. The university programs provide a way for the industry to engage in long-term partnerships with strong technical schools, thereby enabling cost-effective exploration of technical improvements to rail transportation. TTCI's ties to the universities, TRB, and the national laboratories also provide the industry with knowledge of cutting-edge technologies and applications that could benefit the rail industry.

4. Class I railroads are deploying portable locomotive control systems that promise significant safety benefits.

Accidents in rail yards account for more than half of all train accidents. Human factors-caused accidents in yards account for about half of all yard accidents, or about one-quarter of all train accidents. Portable locomotive control technology (PLCT), which allows railroad personnel on the ground to operate and control locomotives through the use of a small control device that transmits signals to a microprocessor on board a locomotive, promises to bring about a significant reduction in human-factors caused yard accidents and hence a noticeable decline in the overall train accident rate.

A major advantage of PLCT is that it eliminates the need for communication between employees on the ground and operators on a train. In conventional operations, ground employees often give directions to train employees using hand or voice signals. The potential for miscommunication is significant. With PLCT, however, the ground employee who would have been giving signals to the train employee is the one using PLCT to operate the train. The danger of miscommunication is dramatically reduced.

PLCT has been used extensively for several years on the two major Canadian railroads, numerous U.S. non-Class I railroads, and many private industrial U.S. rail-roads. It is now being put to use on U.S. Class I railroads. Where used, it has proven to be significantly safer and more efficient than conventional operations. On the Canadian National Railway (CN), PLCT has been used since 1989 and is now used for almost half of the railroad's Canadian yard operations. At CN, accident rates from the 1997-2001 period for yard operations using PLCT were 44 percent lower than the rates for yard operations using conventional technology, and no accidents have been attributed to the PLCT system itself. On Canadian Pacific (CP), which has used PLCT since 1994, the rate of yard accidents under PLCT has been about one-third that of conventional technol-ogy. Yard accidents on CP have fallen some 70 percent since the introduction of PLCT.

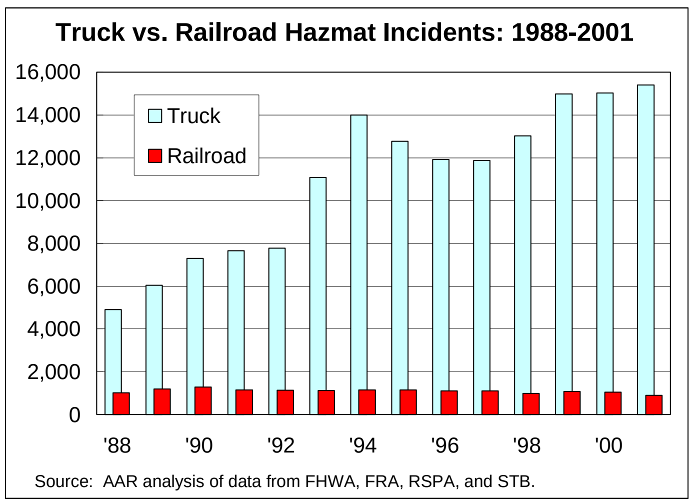
In February 2001, the FRA released guidelines addressing PLCT design, operation, training, and inspection and testing. As with other aspects of railroad operations, the FRA will retain authority over the safe operation of PLCT systems. The rail industry has developed a comprehensive training program for PLCT operators, who are certified pursuant to FRA-approved certification programs. PLCT equipment will be inspected daily and will not be used on passenger trains.

5. Railroads work diligently to ensure the safety of hazmat transport.

Thanks to massive infrastructure and equipment investments, safer operating procedures, freight car design improvements, and other factors, railroads have an excellent — and improving — hazmat safety record. In fact, railroads are by far the safest way to transport hazardous materials.

Approximately 1.7 million carloads of hazardous materials are transported by rail each year — double the number handled in 1980 — and 99.996 percent of rail hazmat shipments reach their final destination without a release caused by an accident. Based on U.S. DOT data, in 2000 there was a release of hazardous materials from a rail car in a train accident only once for every 48,000 cars shipped. Railroads have reduced overall hazmat accident rates by 86 percent since 1980 and by 25 percent since 1990.

There is a far greater chance of hazmat release when materials are shipped by truck than by rail. Freight railroads have less than eight percent of the hazmat incidents that trucks do, despite having roughly equal hazmat ton-mileage.



Railroads pursue a wide array of efforts to ensure the safety of hazmat transport by rail. These efforts include rigorous tank car quality assurance programs, field testing, and inspections of chemical loading facilities; cooperative outreach programs with chemical companies to assist communities in developing and evaluating emergency response plans; hazmat training for emergency responders from municipal fire departments, chemical shippers, and others; and support for Operation Respond, a nonprofit institute devoted to improving the communication of emergency response information to police and fire departments. The value of these efforts is manifest by the fact that in the ten years from 1992 to 2001, only three persons died because of exposure to hazardous materials in rail transportation, according to the Research and Special Programs Administration of the U.S. DOT.

Trains containing specific amounts of the most hazardous materials transported by rail — referred to as "key trains" — are subject to special speed limits, passing restrictions, and inspection requirements. Railroads increase track inspections, training, and installations of hot box detectors on routes over which key trains operate.

Tank cars, which transport most hazardous materials, must meet stringent U.S. DOT specifications if used to transport hazardous materials. For example, they must be equipped with pressure relief devices (to protect the tank in the event of fire), double shelf couplers (designed to prevent tank punctures by a coupler), and steel "head shields" at each end of the car (intended as further protection against puncture). Some cars also have thermal shields, jacketed insulation systems, and protected top and bottom fittings.

AAR and the railway supply industry jointly fund the Tank Car Safety Research and Test Project. This project monitors tank car accidents and is continually updating a comprehensive database on the precise nature of damage to tank cars. Analysis of these data better enables researchers to identify the causes of tank car releases and determine the effectiveness of options to further improve tank car safety. The project database is often cited by the U.S. DOT as a role model for other modes of transportation.

In addition to its ongoing safety data collection and analysis activities, the project also has a number of ongoing research efforts, including efforts aimed at developing better steels for tank cars and developing a method for testing the effectiveness of surge suppression devices for tank cars. (Surge suppression devices reduce the movement of tank car liquids accompanying freight car acceleration and deceleration, which can lead to releases during transportation.)

To help protect their employees and the communities they serve, railroads offer basic hazardous material awareness training to all employees. Employees learn to recognize a hazmat emergency, whom to contact in an emergency, and proper evacuation procedures. Rail employees responsible for emergency hazmat response efforts receive much more in-depth training. Emergency response should be left to those specialized employees and contractors who are trained and equipped for this highly technical and dangerous work. Non-trained employees are expected to notify appropriate authorities, then move to a safe area while highly-trained specialists respond to the emergency.

6. Railroads work constantly to assure rail safety through rigorous management of the AAR's Interchange Rules

The AAR's Interchange Rules are a series of requirements and specifications for freight railroad equipment. Extending far beyond federal requirements, the rules apply in the United States, Canada, and Mexico to equipment moving from one railroad to another. The rules help assure railroads, and the public at large, that rail equipment is interoperable and safe to operate. Virtually all freight railroads and all rail car owners in the United States have agreed to abide by the rules.

In addition to equipment standards, the Interchange Rules contain quality assurance requirements for manufacturers of freight equipment and components. AAR inspectors monitor compliance with the rules and the quality assurance program, and mechanisms are in place to enforce the rules.

An important feature of the Interchange Rules is the Early Warning System. The rules require railroads and car owners to notify the AAR if they discover a critical safety defect that, if not corrected, could result in severe injury or damage. If such a defect is found, the AAR will issue an Early Warning requiring all railroads and car owners to take appropriate action — for example, stopping cars and making repairs, if necessary. Railroads and car owners are required to report to the AAR action taken with respect to cars covered by an Early Warning. An example of an Early Warning is attached as Appendix A.

7. Railroads cooperate with their employees to improve safety.

Railroads are constantly working to develop cooperative relationships with their employees to enhance safety. Cooperative efforts aimed at combating worker fatigue were noted above. Another example is the Switching Operations Fatalities Analysis (SOFA) Working Group.

The SOFA group was formed in February 1998 to develop recommendations to reduce fatalities in switching operations. Along with the FRA, the AAR, BLE, UTU, and the American Short Line and Regional Railroad Association participate. After analyzing incident data, in 1999 the working group made five recommendations covering the securing of equipment while crew members are working on rolling stock, protection for train crews where two or more crews are working on the same tracks, job briefings at the beginning of tours of duty, communication between crew members when controlling train movements, and additional training for crew members with less than one year of experience. These recommendations have now been fully implemented by the railroad industry, and early results are encouraging. The SOFA group continues to meet to identify additional measures that can be taken to reduce the number of accidents involving railroad switching operations.

8. Railroads favor alternatives to the costly, anachronistic rail workers' injury compensation system.

Under the Federal Employers' Liability Act (FELA), which covers rail industry employees, employer liability for workplace injuries is predicated on fault. If the employer is found to be at fault, it is liable for damages. If the employee is also found to be at fault, compensation is reduced proportionately. Virtually all other workers in the United States are covered by no-fault workers' compensation systems, under which they are compensated for work-related injuries without regard to negligence.

From a safety perspective, FELA is counterproductive. It creates a highly adversarial relationship in the workplace — since both sides must seek to place blame on the other — thereby hampering the railroads' ability to investigate accidents to determine their causes, an essential step to finding ways to prevent future accidents.

Just as rail labor and management worked together to reform the railroad retirement system, AAR hopes that rail labor and management can work together to replace FELA with a more effective workers' compensation system that fairly compensates injured employees while reducing costs and enhancing safety.

9. Railroads advocate the adoption of performance standards in place of rigid design-based rules to regulate rail safety.

There are two general approaches to workplace safety regulation: design-based standards and performance standards.

Design-based standards specify the precise characteristics of facilities, equipment, and processes a firm must use in the manufacture and delivery of its product or service. The FRA relies overwhelmingly on design-based standards in its regulation of railroad safety.

Design-based standards are costly for both railroads and the FRA to administer and maintain. They also tend to impede innovation because they "lock in" existing designs, technology, and ways of thinking. The infamous discolored wheel rule provides a classic example of a regulation that discourages the use of new technology. For many years, this FRA rule required railroads to remove wheels that showed four or more inches of discoloration, then thought to portend possible wheel failure. However, research in the 1980s demonstrated conclusively that discoloration in the newer heat-treated, curved plate wheels did not portend failure. Despite this evidence, the FRA took more than a decade to exempt such wheels from the requirement, during which railroads were forced to discard these perfectly safe wheels at a cost that reached $100 million per year.

In contrast to design-based standards, performance-based standards define the desired result rather than mandating the precise characteristics that a workplace must exhibit. Performance-based goals focus attention and effort on the *outcome*, not the method. The railroad industry believes that performance standards are far more likely to have a positive impact on railroad safety than continued reliance on design-based standards.

Under a rail safety regime based on performance standards, each railroad would have annual goals for train safety (*e.g.*, accidents per million train-miles) and employee safety (*e.g.*, injuries per 100 employees) as part of a comprehensive risk management plan, based on targets established by the industry and approved by the FRA. If a railroad failed to meet these goals, it would come under increased FRA scrutiny, be required to specify measures it would take to correct the problems, and eventually be subject to monetary penalties. The FRA would retain the power to conduct safety audits and to impose emergency directives at any time to protect public safety.

Risk-based performance standards represent a reform, not an abandonment, of safety regulation. Except in emergencies or after continued failure to meet targets, the FRA would no longer specify how a railroad would achieve its safety goals. Instead, the FRA would oversee and validate the goal-setting process, ensure that the measures and data are accurate, and impose any necessary sanctions.

Under safety performance standards, railroads would have the opportunity and incentive to achieve the desired outcome in the most efficient way possible. Performance standards would rely on the superior knowledge railroads and rail employees have regarding their operations, and would give railroads the discretion to experiment with new technologies and processes to improve safety. The result would be superior safety performance at a lower cost to railroads and their customers.

10. Railroads have taken proactive steps to increase the security of our nation's rail network.

Safety through security has become a major priority for the railroad industry. Immediately after the events of September 11, 2001, the railroad industry began developing a comprehensive Terrorism Risk Analysis and Security Management Plan. The industry formed a security task force composed of railroad representatives with expertise in areas such as operations, legal issues, railroad police activities, hazardous materials transportation, and information technology. Outside consultants with expertise in intelligence and counter-terrorism were retained to provide advice on best practices.

The task force created five Critical Action Teams addressing hazardous materials, operations security, infrastructure, information technology and communications, and military liaison. The task force undertook a comprehensive risk analysis which identified critical assets, vulnerabilities, and threats, and assessed the overall risk to people, national security, and the nation’s economy. The task force then identified more than 50 countermeasures. The Terrorism Risk Analysis and Security Management Plan, which is now in effect, puts all this information together and establishes four different alert levels, with implementation of specific countermeasures dependent on the alert level in effect.

The plan also provides for the establishment of a Railway Alert Network (RAN), a 24-hours-a-day, 7-days-a-week communications center operated by the AAR. Through the RAN, railroads share information with our nation's intelligence community. In addition, the RAN provides a means for instituting appropriate alert levels and begin taking appropriate countermeasures.

The AAR also operates the Surface Transportation Information Sharing and Analysis Center (ST-ISAC). Presidential Decision Directive 63 called for the creation of private sector ISACs to protect the nation's critical infrastructure from attack. The ST-ISAC, formed at the request of the U.S. DOT, collects, analyzes, and distributes security information from worldwide resources to protect vital information technology systems from attack. The ST-ISAC also operates 24-hours-a-day, 7-days-a-week.

Finally, let me add that FRA safety programs should be funded through general appropriations, not by reimposing safety “user fees” on railroads. Proposed FRA fees are a form of tax that other industries do not pay. Firms whose safety is regulated by the Occupational Safety and Health Administration (OSHA) do not pay fees to that agency for its safety regulation. Equity demands that railroads not pay fees to the FRA to cover the FRA's safety regulation. Their imposition would constitute a shift to private industry of the costs of government regulation to achieve public goals. They would increase rail industry costs substantially, but would not enhance railroad safety. The railroad industry appreciates the opposition expressed many times in recent years by this committee to the reimposition of safety user fees.

Thank you for the opportunity to testify on this critical topic. The railroad industry looks forward to working with Congress, the FRA, its customers, its employees, and others to ensure that rail safety continues to improve.

Appendix A

Association of American Railroads

Early Warning

June 11, 2001

EW-5180

Subject: Ladder Pan Support Stiffeners on CN Multi-Levels

To: MEMBERS AND PRIVATE CAR OWNERS

File Number: c-9326

Canadian National Railways has advised that 68 CN multi-level racks receiving AAR Specification M-941 end enclosure modifications in 2000 had the ladder pan support stiffener coped to allow door clearance. The coping is not a requirement of Specification M-941 and has subsequently weakened this area of the rack. Such a condition may result in the ladder pan support stiffener cracking and this could propagate into the ladder pan support, eventually causing a complete separation. If the ladder pan support and stiffener break the ladder pan could become separated from the rack structure. In accordance with UMLER-TRAIN II procedures in effect May 1, 1994 this Early Warning is assigned Severity Code "MD" - Withhold empty car from loading, contact owner for disposition. The end ladder pan area (4 corners of the rack)on these bi-level cars (a photograph of a side view of the ladder pan support and stiffener is appended to this Early Warning) should be inspected. If the car is safe to move, home: shop disposition should be requested from CN. If the car is not safe to move, perform temporary repairs and then request home shop disposition from CN. Home shop disposition may be obtained by contacting: Ms. Christine Carrier Canadian National Railways AAR Billing 935 de La Gauchetiere St. West Montreal, QC, H3B 2M9 Ph. 514-399-3738 Fax. 514-399-4941 Email Christine.Carrier@cn.ca Cars inspected and sent to home shop should be reported to the RAILINC UMLER Section via on-line processes, e-mail: umler@railinc.com, or FAX: (919) 651-5405 as Code ME - Car Inspected, MOVING TO SHOP. Note: Until cars are unloaded, inspected and routed to shop, caution should be exercised on loaded cars by unloading personnel and M&R pool repair personnel.

In accordance with AAR Interchange Rule 125 procedures in effect July 22, 2002, this Early Warning is assigned SEVERITY CODE: **04-Withhold empty car from loading-contact owner**

Equipment Attachments

http://ewguest:railinc@64.80.98.164:8080/5180

Assignment Marks associated with this notice:
AAR Only

Inspection Marks associated with this notice:
Open

Allowable Final Inspection Codes Associated with this Notice:
MH-Car repaired, return car to service

MR-Car inspected, return car to service

Mechanical Designations Associated with this Notice:
No Mechanical Designations Specified

Early Warning **EW-5180** will expire on June 11, 2003